

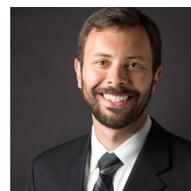
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OREGON'S UNIQUE LEGAL LANDSCAPE

Important real estate market dynamics in Oregon

- The Portland metro area has a lot of **options for commercial space** (i.e., urban, suburban, and downtown core), but commercial vacancy rates (about 8% overall) are at historic lows and lease rates (about \$25 per square foot, per year) are at historic highs. Areas of opportunity include Portland's Central Eastside, Lloyd District, and Downtown.
- The City of Portland and State of Oregon offer a substantial amount of **location assistance and incentives**, including:
 - Business Finance Programs, such as Commercial Property Redevelopment Loans
 - Enterprise Zone Program
 - State of Oregon Strategic Investment Program (for very large projects)
 - Oregon Business Expansion Program
- Portland offers a **highly educated existing workforce and housing that is still less expensive** than in the Bay Area and Seattle markets. Due to a rapid increase in local housing costs, thousands of new multi-family housing units are slated to become available over the next 1-3 years.
- **Secondary markets** with close Portland proximity, such as Beaverton, Hillsboro, Salem, and Vancouver, WA, offer more affordable commercial space and housing options.
- In Oregon, commercial **real estate transactions** are generally unregulated by statute. Residential real estate transactions and landlord/tenant relationships are less regulated than in other coastal metropolitan markets, but this is changing quickly. The City of Portland recently adopted comprehensive inclusionary **zoning requirements** and the Oregon legislature is poised to prohibit no-cause evictions. A proposed repeal of the Oregon's statutory ban on rent control narrowly failed in the 2017 legislative session.



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Oregon has a host of unique employment laws

- **Non-competes:** Are subject to a number of state specific requirements.
- **Minimum wage:** The minimum is currently \$9.75 per hour and will soon vary by geographic region.
- **Fluctuating workweek:** Rules (to limit OT to .5 hours) differ from California.
- **Ban the box:** An employer may not require an applicant to disclose a criminal conviction prior to hiring.
- **Equal pay:** Oregon just passed the Oregon Equal Pay Act, which imposes new, unique requirements.
- **Meals and breaks:** Oregon has specific meal and break rules for employees.
- **Workplace injury and illness reporting:** Oregon goes further than OSHA's new rule to improve the tracking of workplace injuries and illness.
- **Sick leave:** Employers with Oregon employees are required to provide up to 40 hours of paid sick leave per year.
- **Marijuana:** Oregon allows marijuana use for both medical and adult recreational purposes.
- **Overtime:** For manufacturing employers, issues surrounding "double dipping" of daily and weekly overtime rules are currently in flux.

A move to Oregon involves unique tax and estate planning issues

- Companies doing business in Portland are subject to City taxes and Multnomah County taxes, in addition to Oregon income taxes.
- The City of Portland tax structure includes a surcharge on companies with highly compensated CEOs.
- All sales are Oregon sales if you're a software company.
- Oregon also creates unique estate planning issues for employees, especially executives.
- Those relocating from California need to be aware that Oregon is a separate property state, so planning and advice regarding the move from a community property state are required.
- Oregon estate tax is imposed on residents with estates over \$1 million. Oregon estate tax is imposed on non-residents with assets over \$1 million who own any property (regardless of its value) in Oregon. The Oregon estate tax exemption is not portable, so couples with assets over \$2 million should consider credit shelter trusts.
- Oregon has a state specific advance directive for health care decisions. All employees in Oregon for any period of time should consider completing an Oregon form to name health care representatives and make decisions on tube feeding and life support.
- Employees who are planning to be in Oregon for some limited duration should review the factors Oregon uses to determine residency to avoid inadvertently being taxed as an Oregon resident.
- The Oregon legislature is contemplating a comprehensive revision to the corporate tax code, so sign up with us to stay informed: schwabe.com/newsroom-signup.



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